CORPORATION FOR SOLAR TECHNOLOGY AND RENEWABLE RESOURCES

COMMENTS PROVIDED ON
STAFF DRAFT POLICY REPORT ON AB 1890 RENEWABLES FUNDING
STATE OF CALIFORNIA
ENERGY RESOURCES CONSERVATION AND
DEVELOPMENT COMMISSION
BY

THE CORPORATION FOR SOLAR TECHNOLOGY
AND RENEWABLE RESOURCES

DOCKET NO. 96-REN-1890 **FEBRUARY 26, 1997**

As President and CEO of The Corporation for Solar Technology and Renewable Resources (CSTRR), I appreciate the opportunity to provide comment on the draft policy report regarding renewables funding in California. CSTRR is a not-for-profit corporation chartered in Nevada with a mission to accelerate the commercialization of solar electric technologies. Large scale solar plants are expected to be built at several sites within the designated Solar Enterprise Zone in Southern Nevada to serve the needs of the southwestern states.

The issue addressed in the draft policy report of premium concern to CSTRR relates to the ineligibility of CSTRR to participate in the competition for portions of the “Emerging Technologies” fund and, that further, any electricity sold to California customers would be subject to the Competition Transition Charge.

In a recent meeting of the Western Governors Association, three energy related resolutions were adopted, one of which specifically recognized and endorsed the concept of states working together to seek regional solutions to energy and environmental needs. The need for a reliable western electric power system was singularly important.

California and Nevada share a common goal of accelerating solar electric technologies. It seems that the financial mechanisms proposed in the ‘policy report’ will discourage out of state generation and transmission of solar electricity hence retarding commercialization of solar technologies. This seems to be contrary to the spirit of regional cooperation. CSTRR recommends that particular attention be paid to considering excluding solar electric generation from the Competition Transition Charge. If it is not possible to rectify the proposed policies, it is recommended that strong efforts be undertaken as soon as possible to convene the necessary planning and decision groups that will identify and implement effective mechanisms that will

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accelerate solar within our region. CSTRR would be pleased to participate and contribute to such an effort.

More general observations that we submit regarding the 'policy report' concern the following:

1% Set-Aside: There is a 1% set-aside ($5.4 million) for promotion and market development of renewable energy that has very little specificity. That money could be used to cooperatively advertise green power marketers, with a tie-in for a "green" certification or disclosure. I would recommend seeking expanded and qualified input on how best to use the funding effectively.

Direct Contributions: With regard to the provision requiring utilities to allow consumers to make direct contributions to renewable energy development, it would be effective to allow consumers to choose whether they were putting funds into the existing, new, or emerging technology funds. It would be even more effective, in our view, if organizations like CSTRR, the Solar Energy Industry Association of California, or green power marketers, qualified as fund recipients--provided they met specific criteria--for dedicating the funds to renewable energy development. Subsequently, allow consumers to allocate part of their bill payments to the organizations and projects they supported, similar to the Combined Federal Campaign by the federal government. This would allow and ensure real choice to consumers and provide an incentive to organizations to market the program and convince consumers to take advantage of the program. Currently, one could argue that there is a high potential for utilities to offer the bare minimum to satisfy, with little or no element of competition for these funds.

Allocation of Unused Funds: Finally, with respect to the allocation of unused funds from one fund category to the others, it appears there is little guidance on the priority re-allocation of unused funds. In our opinion, the emerging account should be the first priority to receive unused funds. At $54 million, this fund is already undercapitalized and involves technologies that are in the greatest need of assistance to advance toward commercialization. Further, considering the manner in which the Competition Transition Charge is intended to be calculated and applied, only a handful of new technologies are likely to be competitive in wheeling power, particularly given the minimal support cap of 1.5 cents/kWh that is planned.

We do recognize, however, that the customer-sited, self-generation market may prove to be the most promising for photovoltaics and even for dish-stirling, which is not included in the definition of emerging technology. We feel that the new technology account to support customer-sited self-generation should open up. The AB1890 funds represent just four years of support, and to get the most impact on technology development and commercialization, the funds should be used to encourage development of applications most likely to have a sustained competitive advantage.

Competition Transition Charge: CSTRR has been involved with central plant development. The Competition Transition Charge would likely make this development very difficult with wheeling charges and difficult to work with the California green power marketers to pool our resources and provide a better portfolio of green power by using the transmission system to coordinate our resources. In our view, an exemption should be afforded renewables to encourage both technology development and development of green power marketing organizations that combine several renewable resources, particularly in light of the environmental externalities that renewables help avoid.

At the least, we would encourage staff and the Commission to offer clarification that the 1.5 cents/kWh set up for consumer incentives would be available if consumers buy green power from out of state suppliers competing in California. To exclude solar electric power produced out of state from this incentive could have detrimental affects on regional power pools that would combine various sources of green power to offer consumers--an attractive option for developing the green power market.

While CSTRR operates in Nevada and has targeted sites within Nevada for solar electric project development, our broader support is for the development and commercialization of solar and renewable technologies regionally, and nationally. Regional cooperation to advance this industry is a goal that the Commission's assistance would be most welcome in furthering. It would appear that the Commission's support for our endeavor could be best served by offering allowances and exemptions that we have discussed here. Again, I appreciate the opportunity to share our concerns and comments regarding the draft policy report. I do hope our input will be helpful and persuasive.

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